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NEW YORK TIMES
18 MARCH 1981

PRESIDENT OPPOSES DOMESTIC C.I.A. ROLE

Reagan Counsel Rules Out Easing of Curbs on Agency Spying

By HEDRICK SMITH

Special to The New York Times

WASHINGTON, March 17. — Edwin Meese 3d, counselor to President Reagan, said today that the White House was "absolutely opposed" to any change in intelligence regulations that would permit the Central Intelligence Agency to conduct domestic spying.

"I don't contemplate any change. . . . The White House is absolutely opposed to the C.I.A. getting into domestic spying," he told reporters.

Mr. Meese characterized as "a tempest in a teapot" recent reports that some intelligence officials had drafted a new Presidential order that would lift restraints imposed by President Carter against the agency's use of informers and surveillance and search techniques against Americans in this country. The "tempest" was touched off, Mr. Meese said he suspected, by "leaks from people opposed to any changes" in intelligence regulations.

He confirmed that within two or three weeks the Administration hoped to come up with a revised Presidential order on intelligence activities that would "im-

prove our ability to gain intelligence especially in combatting terrorism.

Mr. Meese declined to go into detail explaining that various proposals were now circulating within the Administration. But he said that there would be "change in roles" that now cast the C.I.A. as the nation's primary agency for foreign intelligence and leave domestic intelligence responsibility mainly to the Federal Bureau of Investigation.

His comments were reinforced by Congressional testimony from Attorney General William French Smith, who said he shared the concern of several senators about potential changes and who indicated that he would not willingly relinquish his powers to monitor the legality of intelligence operations.

Mr. Meese explained that proposals for changing Executive Order 12036, issued by President Carter on Jan. 24, 1978, to set out a basic framework for intelligence activities, had arisen in the Administration's "routine" review of American "counterterrorism capabilities." The issue was discussed at one National Security Council meeting and other Administration meetings, he said.

After the first sessions in late January, other officials said, some intelligence officials drafted a substitute executive order that would empower the C.I.A. and other intelligence agencies to use searches, physical surveillance and infiltration of domestic organizations to gather information on Americans in this country and abroad. The draft order would downgrade the role of the Attorney General in scrutinizing activities from the standpoint of legal protections of civil liberties and privacy rights.

Since The New York Times disclosed the basic terms of the draft order, high Administration officials have moved to alleviate concerns of civil libertarians. Adm. Bobby R. Inman, Deputy Director of Central Intelligence, said he was doing

play a very significant role in this whole area. I would certainly anticipate the Attorney General would continue to play a substantial role in the process."

Welcker Expresses Concern

Senator Lowell P. Weicker Jr., the Connecticut Republican who heads the Senate Appropriations Subcommittee on the Departments of Commerce, Justice and State, said today that he was very concerned about proposals in the draft order.

"I have similar concerns," Mr. Smith responded. He predicted that the final version would be different from the draft.

On another topic, Mr. Meese told reporters that within about a week the White House would be ready to announce selection of 15 inspectors general to lead the fight against fraud and waste in the major Government agencies. Several of the inspectors, he said, would be holdovers from the Carter Administration, all of whom were technically dismissed by the Reagan Administration in its first week.

Mr. Meese also denied that the Administration was switching its aggressive public relations campaign on United States' aid to El Salvador and was now trying to play it down, although he did suggest that developments had calmed and that the El Salvador situation was now "less of a story."

Top White House officials are known to have been concerned in the belief that Secretary of State Alexander M. Haig Jr., was carrying the publicity on the El Salvador situation too far, running the risk that it would detract from public focus on the President's economic program.

Last Thursday, a high State Department official told reporters in a background briefing that "our impression is that this story is running about five times as big as it really is." Referring to the 54 American advisers sent to that country, he remarked: "Judging by the press coverage of this, I would have thought we had deployed a whole division."

Although normally such briefings are arranged with concurrence of the Secretary of State or his spokesman, Mr. Haig partly rebutted the remarks of the official, whom he identified as John A. Bushnell, Acting Assistant Secretary of State for Latin American Affairs. "I wouldn't suggest that it's not that big a deal," Mr. Haig said.

Yesterday, the White House press secretary, James S. Brady, further disavowed Mr. Bushnell's comments. "I think he was speaking for himself," Mr. Brady said.